

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

March 18, 2015

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released an audit report on Poweshiek County, Iowa.

The County had local tax revenue of \$31,795,846 for the year ended June 30, 2014, which included \$1,184,331 in tax credits from the state. The County forwarded \$24,596,254 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,199,592 of the local tax revenue to finance County operations, a 5.7% increase over the prior year. Other revenues included charges for service of \$1,173,157, operating grants, contributions and restricted interest of \$4,402,701, capital grants, contributions and restricted interest of \$2,311,992, tax increment financing of \$144,924, local option sales tax of \$807,091, unrestricted investment earnings of \$128,070, gain on disposition of capital assets of \$67,625 and other general revenues of \$107,522.

Expenses for County operations for the year ended June 30, 2014 totaled \$12,335,076, a 5.9% decrease from the prior year. Expenses included \$5,113,602 for roads and transportation, \$2,967,008 for public safety and legal services and \$1,163,864 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0079-B00F.pdf>.

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POWESHIEK COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2014

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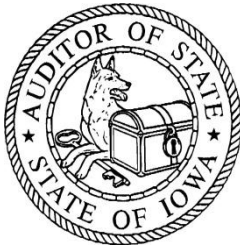
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Poweshiek County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Trevor White	Board of Supervisors	Jan 2015
Larry Wilson	Board of Supervisors	Jan 2015
Lamoyne Gaard	Board of Supervisors	Jan 2017
Diana Dawley	County Auditor	Jan 2017
Sandy Ross	County Treasurer	Jan 2015
Dianna Longhenry	County Recorder	Nov 2014
Thomas Kriegel	County Sheriff	Jan 2017
Rebecca Petig	County Attorney	Jan 2015
Dotty Bates	County Assessor	Jan 2016

Poweshiek County



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Independent Auditor's Report

To the Officials of Poweshiek County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2015 on our consideration of Poweshiek County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Poweshiek County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 5, 2015

Poweshiek County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 22%, or approximately \$2,949,000, from fiscal year 2013 to fiscal year 2014. Property tax increased approximately \$404,000, operating grants, contributions and restricted interest increased approximately \$ 625,000 and capital grants, contributions and restricted interest increased approximately \$1,630,000.
- Program expenses of the County's governmental activities decreased 5.9%, or approximately \$776,000, from fiscal year 2013 to fiscal year 2014. Roads and transportation expenses decreased approximately \$726,000, mental health expenses decreased approximately \$312,000 and physical health and social services expenses increased approximately \$104,000.
- The County's net position increased 16.6%, or approximately \$4,000,000, from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Poweshiek County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Poweshiek County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and Urban Renewal, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

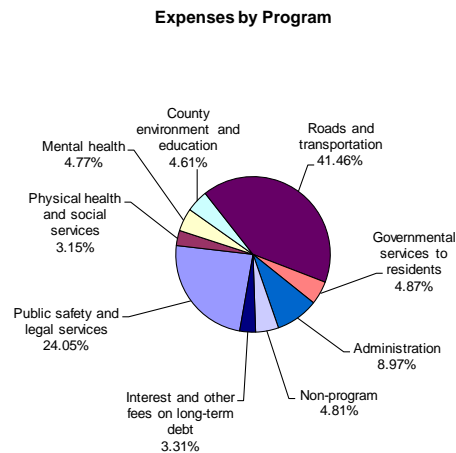
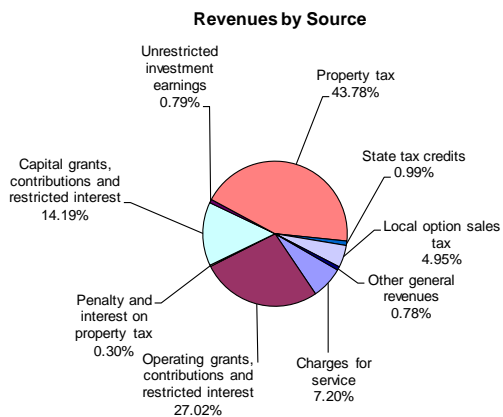
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2014 totaled approximately \$28.1 million, compared to approximately \$24.1 million at the end of fiscal year 2013. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 23,356	\$ 22,783
Capital assets	26,427	23,629
Total assets	49,783	46,412
Long-term liabilities	14,027	14,322
Other liabilities	544	902
Total liabilities	14,571	15,224
Deferred inflows of resources	7,080	7,063
Net position:		
Net investment in capital assets	19,312	17,315
Restricted	5,495	3,852
Unrestricted	3,325	2,958
Total net position	\$ 28,132	\$ 24,125

Net position of Poweshiek County's governmental activities increased 16.6% (approximately \$24.1 million compared to approximately \$28.1 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$2.96 million at June 30, 2013 to approximately \$3.33 million at the end of this year, an increase of 12.4%.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 1,173	\$ 1,132
Operating grants, contributions and restricted interest	4,403	3,778
Capital grants, contributions and restricted interest	2,312	682
General revenues:		
Property tax	6,989	6,585
Tax increment financing	145	-
Penalty and interest on property tax	49	53
State tax credits	210	229
Local option sales tax	807	786
Unrestricted investment earnings	128	11
Other general revenues	126	137
Total revenues	16,342	13,393
Program expenses:		
Public safety and legal services	2,967	2,911
Physical health and social services	389	285
Mental health	588	900
County environment and education	569	526
Roads and transportation	5,113	5,839
Governmental services to residents	601	668
Administration	1,164	1,086
Non-program	536	501
Interest and other fees on long-term debt	408	395
Total expenses	12,335	13,111
Change in net position	4,007	282
Net position beginning of year	24,125	23,843
Net position end of year	\$ 28,132	\$ 24,125



The County levied property tax rate went from \$8.11164 to \$8.27268 per \$1,000 of taxable valuation for fiscal year 2014, an increase of 2%. County wide taxable valuations in Poweshiek County have increased as follows: from \$959,042,506 in fiscal year 2012 to \$1,009,405,108 in fiscal year 2013 to \$1,036,188,373 in fiscal year 2014. Based on increases in the total assessed valuation and an increase in fiscal year 2014 levied property tax rates, property tax revenue is budgeted to increase \$313,395 for the current fiscal year.

The cost of all governmental activities was approximately \$12.3 million compared to approximately \$13.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$4.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,173,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,715,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2014 from approximately \$5,592,000 to approximately \$7,888,000, principally due to an increase in capital grants and contributions of approximately \$1,630,000 for three farm-to-market projects.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$13.6 million, an increase of approximately \$442,000 from last year's total of approximately \$13.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$334,000 from the prior year. Expenditures increased approximately \$176,000 compared to prior year. The ending fund balance increased approximately \$270,000 from the prior year to approximately \$2,627,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$1,225,000. The County received approximately \$445,000 in equalization payments from the State to pay for existing mental health billings. Revenues increased \$470,000, or 62% from the prior year. Expenditures decreased approximately \$287,000 compared to the prior year. The Mental Health Fund balance at year end increased approximately \$620,000 from the prior year.
- Special Revenue, Rural Services Fund revenues increased approximately \$85,000 compared to the prior year. Expenditures increased approximately \$10,000, a 1% increase from the prior year. The Rural Services Fund ending fund balance increased approximately \$43,000 from the prior year to approximately \$368,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$134,000 compared to the prior year. Expenditures decreased approximately \$732,000, or 13.5%, over the prior year, due primarily to more construction costs being funded through the Farm to Market Fund. The Secondary Roads Fund ending fund balance increased approximately \$562,000 from the prior year to approximately \$2,254,000.
- Special Revenue, Urban Renewal Fund revenues totaled approximately \$148,000, a significant increase from the prior year. The increase is primarily due to the County beginning to collect TIF taxes during fiscal year 2014. Taxes collected total approximately \$145,000. Expenditures totaled approximately \$87,000, an increase of 267% from the prior year. The Urban Renewal Fund ending fund balance decreased approximately \$85,000 from the prior year to approximately \$19,000.

- Debt Service Fund revenues remained relatively unchanged from the prior year. Expenditures increased approximately \$131,000 from the prior year. The ending fund balance decreased approximately \$51,000 from the prior year to approximately \$5,029,000. The ending fund balance consists mostly of funds held in escrow for the purpose of paying future principal and interest due on refunded debt on June 1, 2018.
- Capital Projects Fund expenditures increased approximately \$1,220,000 due to undertaking and completing the resurfacing and widening of F29 from US/US6 to US63. Total costs incurred were approximately \$1,240,000. The ending fund balance decreased approximately \$1,244,000 from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget three times. The first amendment was made in July 2013 and resulted in an increase in budgeted receipts and disbursements, primarily due urban renewal note proceeds being used to fund a road project through the Capital Projects Fund. The second amendment was made in December 2013 and resulted in an increase in the budget, primarily due to anticipated additional costs incurred by the County Care Facility. The third and final amendment was made in May 2014, primarily to decrease budgeted disbursements for roadway construction as several projects were planned but not undertaken during fiscal year 2014.

The County's receipts were \$559,197 less than budgeted, a variance of 4%. The most significant variance resulted from less intergovernmental revenues being received than anticipated.

Total disbursements were \$1,975,194 less than the amended budget. Actual disbursements for the roads and transportation, mental health and public safety and legal services functions were \$1,091,311, \$218,111 and \$190,381, respectively, less than budgeted. This was primarily due to more State mental health bills being anticipated but not being received. As stated before, several roadway projects were planned for fiscal year 2014 but were not undertaken. This resulted in roads and transportation actual disbursements being less than budgeted. Adult corrections and Sheriff Department expenses were down due to staff resignations and the hiring of employees at lower wages.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Poweshiek County had approximately \$26.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2.8 million over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 1,695	\$ 1,675
Construction in progress	327	679
Buildings and improvements	7,765	7,933
Equipment and vehicles	1,386	1,449
Infrastructure	15,254	11,893
Total	\$ 26,427	\$ 23,629

The County had depreciation expense of \$1,029,992 for fiscal year 2014 and total accumulated depreciation of \$9,762,400 at June 30, 2014. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2014, Poweshiek County had \$12,325,000 of long-term debt outstanding, compared to \$12,795,000 at June 30, 2013.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2014	2013
General obligation local option sales tax bonds	\$ 5,960	\$ 6,305
General obligation refunding bonds	5,210	5,210
General obligation urban renewal notes	1,155	1,280
Total	\$ 12,325	\$ 12,795

Debt decreased as a result of the County making principal payments on both the general obligation bonds and the general obligation urban renewal notes during fiscal year 2014. Principal payments totaled \$470,000.

The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$12,325,000 is significantly below its constitutional debt limit of approximately \$91 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2015 county wide property tax rate is \$8.22953 per \$1,000 of taxable valuation, a decrease of \$.04315 per \$1,000 of taxable valuation from fiscal year 2014. The fiscal year 2015 General Fund ending fund balance is expected to be approximately \$1,738,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0057.

Basic Financial Statements

Exhibit A

Poweshiek County
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 10,299,216
U.S. Treasury securities on deposit with escrow agent	5,001,065
Receivables:	
Property tax:	
Delinquent	4,998
Succeeding year	7,080,000
Penalty and interest on property tax	3,909
Accounts	26,331
Accrued interest	3,108
Due from other governments	418,093
Inventories	432,446
Prepaid insurance	86,947
Capital assets, net of accumulated depreciation	<u>26,426,722</u>
Total assets	<u>49,782,835</u>
Liabilities	
Accounts payable	345,018
Salaries and benefits payable	164,327
Due to other governments	3,960
Accrued interest payable	30,171
Long-term liabilities:	
Portion due or payable within one year:	
General obligation local option sales tax bonds	360,000
General obligation urban renewal notes	125,000
Compensated absences	216,719
Portion due or payable after one year:	
General obligation local option sales tax bonds	5,600,000
General obligation urban renewal notes	1,030,000
General obligation refunding bonds	5,210,000
Compensated absences	33,242
Landfill postclosure care	375,000
Net OPEB liability	<u>1,077,000</u>
Total liabilities	<u>14,570,437</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>7,080,000</u>
Net Position	
Net investment in capital assets	19,311,722
Restricted for:	
Supplemental levy purposes	390,367
Mental health purposes	497,452
Rural services purposes	320,720
Secondary roads purposes	1,316,449
Capital improvements	1,035,930
Conservation land acquisition	18,654
Landfill postclosure care	1,071,309
Other purposes	844,532
Unrestricted	<u>3,325,263</u>
Total net position	<u><u>\$ 28,132,398</u></u>

See notes to financial statements.

Poweshiek County
Statement of Activities
Year ended June 30, 2014

		Program Revenues			Net (Expense)
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,967,008	129,535	267,070	-	(2,570,403)
Physical health and social services	388,763	85,200	243,410	-	(60,153)
Mental health	587,522	1,430	776,249	-	190,157
County environment and education	569,334	66,425	24,732	-	(478,177)
Roads and transportation	5,113,602	116,252	3,040,628	2,295,625	338,903
Governmental services to residents	600,700	379,601	5,332	-	(215,767)
Administration	1,163,864	15,298	-	-	(1,148,566)
Non-program	536,462	379,416	-	16,367	(140,679)
Interest on long-term debt	407,821	-	45,280	-	(362,541)
Total	\$ 12,335,076	1,173,157	4,402,701	2,311,992	(4,447,226)
General Revenues:					
Property and other county tax levied for general purposes					6,989,170
Tax increment financing					144,924
Penalty and interest on property tax					49,342
State tax credits					210,422
Local option sales tax					807,091
Unrestricted investment earnings					128,070
Gain on disposition of capital assets					67,625
Miscellaneous					58,180
Total general revenues					8,454,824
Change in net position					4,007,598
Net position beginning of year					24,124,800
Net position end of year					\$ 28,132,398

See notes to financial statements.

Poweshiek County

Balance Sheet
Governmental Funds

June 30, 2014

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 2,722,826	593,563	361,669	1,742,868
U.S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	3,357	370	1,234	-
Succeeding year	3,970,000	441,000	2,651,000	-
Interest and penalty on property tax	3,909	-	-	-
Accounts	980	19,354	1,500	4,497
Accrued interest	3,108	-	-	-
Due from other governments	57,963	-	25,072	205,117
Inventories	-	-	-	432,446
Prepaid insurance	37,089	-	13,126	36,732
Total assets	\$ 6,799,232	1,054,287	3,053,601	2,421,660
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 111,543	48,762	7,992	112,419
Salaries and benefits payable	80,648	2,669	25,745	55,265
Due to other governments	2,362	1,548	50	-
Total liabilities	194,553	52,979	33,787	167,684
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	3,970,000	441,000	2,651,000	-
Other	7,266	370	1,234	-
Total deferred inflows of resources	3,977,266	441,370	2,652,234	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	432,446
Prepaid insurance	37,089	-	13,126	36,732
Restricted for:	-			
Supplemental levy purposes	390,367	-	-	-
Mental health purposes	-	559,938	-	-
Rural services purposes	-	-	354,454	-
Secondary roads purposes	-	-	-	1,784,798
Conservation land acquisition	66,790	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	-
Other purposes	34,856	-	-	-
Unassigned	2,098,311	-	-	-
Total fund balances	2,627,413	559,938	367,580	2,253,976
Total liabilities, deferred inflow of resources and fund balances	\$ 6,799,232	1,054,287	3,053,601	2,421,660

See notes to financial statements.

Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
18,654	28,064	40,939	2,549,950	8,058,533
-	5,001,065	-	-	5,001,065
37	-	-	-	4,998
-	18,000	-	-	7,080,000
-	-	-	-	3,909
-	-	-	-	26,331
-	-	-	-	3,108
-	-	-	129,941	418,093
-	-	-	-	432,446
-	-	-	-	86,947
18,691	5,047,129	40,939	2,679,891	21,115,430
-	-	-	1,972	282,688
-	-	-	-	164,327
-	-	-	-	3,960
-	-	-	1,972	450,975
-	18,000	-	-	7,080,000
37	-	-	-	8,907
37	18,000	-	-	7,088,907
-	-	-	-	432,446
-	-	-	-	86,947
-	-	-	-	390,367
-	-	-	-	559,938
-	-	-	-	354,454
-	-	-	-	1,784,798
18,654	-	-	-	85,444
-	-	-	1,446,309	1,446,309
-	5,029,129	-	607,320	5,636,449
-	-	40,939	387,671	428,610
-	-	-	236,619	271,475
-	-	-	-	2,098,311
18,654	5,029,129	40,939	2,677,919	13,575,548
18,691	5,047,129	40,939	2,679,891	21,115,430

Poweshiek County

Poweshiek County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2014

Total governmental fund balances (page 21) \$ 13,575,548

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$36,189,122 and the accumulated depreciation is \$9,762,400. 26,426,722

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 8,907

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 2,178,353

Long-term liabilities, including notes and bonds payable, compensated absences payable, other postemployment benefits payable, landfill postclosure care payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (14,057,132)

Net position of governmental activities (page 18) \$ 28,132,398

See notes to financial statements.

Poweshiek County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2014

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,965,572	430,367	2,590,256	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	48,720	-	-	-
Intergovernmental	439,410	792,152	296,010	3,040,629
Licenses and permits	1,175	-	79,525	40,838
Charges for service	444,747	-	66,184	-
Use of money and property	126,281	-	-	-
Miscellaneous	64,155	2,301	1,550	20,336
Total revenues	5,090,060	1,224,820	3,033,525	3,101,803
Expenditures:				
Operating:				
Public safety and legal services	1,911,337	-	878,696	-
Physical health and social services	355,204	-	35,894	-
Mental health	6,360	604,998	-	-
County environment and education	367,991	-	72,631	-
Roads and transportation	-	-	-	4,696,708
Governmental services to residents	619,473	-	4,247	-
Administration	1,105,200	-	56,622	-
Non-program	274,769	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	4,640,334	604,998	1,048,090	4,696,708
Excess (deficiency) of revenues over (under) expenditures	449,726	619,822	1,985,435	(1,594,905)
Other financing sources (uses):				
Transfers in	-	-	-	2,101,833
Transfers out	(179,573)	-	(1,942,260)	-
Sale of capital assets	-	-	-	55,500
Total other financing sources (uses)	(179,573)	-	(1,942,260)	2,157,333
Change in fund balances	270,153	619,822	43,175	562,428
Fund balances beginning of year	2,357,260	(59,884)	324,405	1,691,548
Fund balances end of year	\$ 2,627,413	559,938	367,580	2,253,976

See notes to financial statements.

Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
-	-	-	-	6,986,195
144,924	-	-	-	144,924
-	-	-	807,091	807,091
-	-	-	-	48,720
-	-	-	20,044	4,588,245
-	-	-	-	121,538
-	-	-	3,772	514,703
17	45,283	-	329	171,910
2,630	-	-	122,113	213,085
147,571	45,283	-	953,349	13,596,411
-	-	-	2,781	2,792,814
-	-	-	-	391,098
-	-	-	-	611,358
86,711	-	-	11,468	538,801
-	-	-	-	4,696,708
-	-	-	4,751	628,471
-	-	-	-	1,161,822
-	-	-	-	274,769
-	847,650	-	-	847,650
-	-	1,244,308	22,404	1,266,712
86,711	847,650	1,244,308	41,404	13,210,203
60,860	(802,367)	(1,244,308)	911,945	386,208
(145,541)	751,144	-	20,000	2,872,977
-	-	-	(605,603)	(2,872,977)
(145,541)	751,144	-	-	55,500
(145,541)	751,144	-	(585,603)	55,500
(84,681)	(51,223)	(1,244,308)	326,342	441,708
103,335	5,080,352	1,285,247	2,351,577	13,133,840
18,654	5,029,129	40,939	2,677,919	13,575,548

Poweshiek County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 25) \$ 441,708***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,464,486	
Capital assets contributed by the Iowa Department of Transportation	2,295,625	
Depreciation expense	<u>(1,029,932)</u>	2,730,179

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

67,625

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental

3,597

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

470,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(26,170)	
Accrued interest expense	(30,171)	
Other postemployment benefits	<u>(149,000)</u>	(205,341)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

499,830

Change in net position of governmental activities (page 19) \$ 4,007,598

See notes to financial statements.

Poweshiek County
Statement of Net Position
Proprietary Fund

June 30, 2014

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 2,240,683
Current Liabilities	
Accounts payable	<u>62,330</u>
Net Position	
Unrestricted	<u>\$ 2,178,353</u>
See notes to financial statements.	

Poweshiek County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2014

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,293,765
Reimbursements from employees and others		225,465
Insurance reimbursements		<u>45,543</u>
Total operating revenues		1,564,773
Operating expenses:		
Medical claims	\$ 848,551	
Insurance premiums	180,764	
Administrative fees	41,890	
Miscellaneous	<u>2,075</u>	<u>1,073,280</u>
Operating income		491,493
Non-operating revenues:		
Interest income		<u>8,337</u>
Net income		499,830
Net position beginning of year		<u>1,678,523</u>
Net position end of year		<u><u>\$ 2,178,353</u></u>
See notes to financial statements.		

Poweshiek County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,293,765
Cash received from employees and others	271,008
Cash paid to suppliers for services	(1,129,950)
Net cash provided by operating activities	434,823
Cash flows from investing activities:	
Interest on investments	8,337
Net increase in cash and cash equivalents	443,160
Cash and cash equivalents beginning of year	1,797,523
Cash and cash equivalents end of year	\$ 2,240,683
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 491,493
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(56,670)
Net cash provided by operating activities	\$ 434,823
See notes to financial statements.	

Poweshiek County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,314,564
Other County officials	37,081

Receivables:

Property tax:

Delinquent	44,444
Succeeding year	24,414,000

Total assets	<u>25,810,089</u>
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Liabilities

Accounts payable	13,178
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Salaries and benefits payable	13,142
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Due to other governments	25,718,535
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Trusts payable	46,086
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Compensated absences	19,148
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Total liabilities	<u>25,810,089</u>
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Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Poweshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Poweshiek County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$1,071,309 for landfill postclosure care.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Urban Renewal Fund is used to account for tax increment financing revenue and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Secondary Roads and Rural Services Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$6,420,148 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes. Also, at June 30, 2014, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of \$5,001,065 which mature through June 1, 2017.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 179,573
	Special Revenue:	1,922,260
	Rural Services	<u>2,101,833</u>
Special Revenue:	Special Revenue:	
Sanitary Disposal	Rural Services	<u>20,000</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	605,603
	Urban Renewal	145,541
		<u>751,144</u>
Total		<u>\$ 2,872,977</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,674,691	20,384	-	1,695,075
Construction in progress	679,268	3,535,032	3,887,128	327,172
Total capital assets not being depreciated	2,353,959	3,555,416	3,887,128	2,022,247
Capital assets being depreciated:				
Buildings	9,623,522	38,819	-	9,662,341
Equipment and vehicles	6,460,110	233,501	323,304	6,370,307
Infrastructure	14,247,099	3,887,128		18,134,227
Total capital assets being depreciated	30,330,731	4,159,448	323,304	34,166,875
Less accumulated depreciation for:				
Buildings	1,690,084	207,046	-	1,897,130
Equipment and vehicles	5,011,464	296,139	323,304	4,984,299
Infrastructure	2,354,224	526,747	-	2,880,971
Total accumulated depreciation	9,055,772	1,029,932	323,304	9,762,400
Total capital assets being depreciated, net	21,274,959	3,129,516	-	24,404,475
Governmental activities capital assets, net	\$ 23,628,918	6,684,932	3,887,128	26,426,722

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 223,312
Physical health and social services	1,971
Mental health	12,702
County environment and education	54,340
Roads and transportation	710,305
Administration	27,302
Total depreciation expense - governmental activities	<u>\$1,029,932</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 2,362
Special Revenue:		
Mental Health	Services	1,548
Rural Services	Services	50
Total for governmental funds		<u>\$ 3,960</u>
Agency:		
County Assessor	Collections	\$ 687,381
Schools		13,999,841
Community Colleges		1,853,328
Corporations		7,648,052
Auto License and Use Tax		500,293
All other		<u>1,029,640</u>
Total for agency funds		<u>\$ 25,718,535</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	General Obligation Local Option Sales Tax Bonds	General Obligation Refunding Bonds	General Obligation Urban Renewal Notes	Compen- sated Absences	Estimated Liability for Landfill Postclosure Care	Net OPEB Liability	Total
Balance beginning of year	\$ 6,305,000	5,210,000	1,280,000	223,791	375,000	928,000	14,321,791
Increases	-	-	-	575,898	-	408,000	983,898
Decreases	345,000	-	125,000	549,728	-	259,000	1,278,728
Balance end of year	<u>\$ 5,960,000</u>	<u>5,210,000</u>	<u>1,155,000</u>	<u>249,961</u>	<u>375,000</u>	<u>1,077,000</u>	<u>14,026,961</u>
Due within one year	<u>\$ 360,000</u>	<u>-</u>	<u>125,000</u>	<u>216,719</u>	<u>-</u>	<u>-</u>	<u>701,719</u>

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Local Option Sales Tax Bonds		Refunding Bonds		Urban Renewal Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 360,000	247,320	-	96,757	125,000	17,975
2016	370,000	233,280	-	96,757	125,000	16,100
2017	385,000	218,850	-	96,757	125,000	14,225
2018	400,000	203,835	505,000	95,757	130,000	12,350
2019	420,000	187,835	515,000	91,712	130,000	10,400
2020-2024	2,355,000	667,509	2,680,000	336,782	520,000	22,595
2025-2027	1,670,000	147,851	1,510,000	66,545	-	-
Total	<u>\$ 5,960,000</u>	<u>1,906,480</u>	<u>5,210,000</u>	<u>881,067</u>	<u>1,155,000</u>	<u>93,645</u>

Total		
Principal	Interest	Total
485,000	362,052	847,052
495,000	346,137	841,137
510,000	329,832	839,832
1,035,000	311,942	1,346,942
1,065,000	289,947	1,354,947
5,555,000	1,026,886	6,581,886
3,180,000	214,396	3,394,396
12,325,000	2,881,192	15,206,192

General Obligation Local Option Sales Tax Bonds

The County has pledged future local option sales tax receipts to repay \$7,950,000 of general obligation local option sales tax bonds issued on October 15, 2008. Proceeds from the bonds provided financing for construction of the Public Safety building. The bonds, including interest at rates ranging from 3.85% to 4.40% per annum, are payable through 2027 from local option sales tax receipts. If those receipts are insufficient at March 15 for payment of principal and interest on the bonds, property tax will be levied for the next fiscal year. Annual principal and interest payments on the bonds during the current year required 75% of net receipts. The total principal and interest remaining to be paid on the bonds is \$7,866,480. For the current year, principal and interest paid and total local option sales tax receipts were \$605,603 and \$807,091, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from future local option sales tax receipts and, as needed in order to supplement the local option sales tax receipts, an annual property tax levy.
- (b) The local option sales tax receipts shall be deposited in a Local Option Sales Tax Revenue Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. No later than March 15 of each year, the Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, property tax will be levied for the next fiscal year.

During the year ended June 30, 2014, the County retired \$345,000 of general obligation local option sales tax bonds.

General Obligation Refunding Bonds

On March 29, 2012, the County issued \$5,210,000 of general obligation local option sales tax refunding bonds for the crossover advance refunding of \$4,845,000 of general obligation local option sales tax bonds dated October 15, 2008. The bonds bear interest at rates ranging from 3.85% to 4.40% per annum. The bonds will be called on June 1, 2018.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities, along with additional cash, were placed with an escrow agent for the express purpose of paying the principal and interest on the refunding general obligation bonds (new debt) until the crossover refunding date. On the crossover date of June 1, 2018, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the local option sales tax revenues will be used to pay the general obligation refunding bonds (new debt). The transactions, balances and liabilities of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

General Obligation Urban Renewal Notes

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.50% to 1.90% per annum. The notes will be used to finance reconstruction and improvements to County roads in the urban

(7) Operating Leases

The County has leased a copier. The future minimum rental payments for the lease are as follows:

Year Ending June 30,	Amount
2015	\$ 3,576
2016	1,788
Total	<u>\$ 5,364</u>

Rental expense for the year ended June 30, 2014 for the operating lease totaled \$3,576.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$358,940, \$352,619 and \$330,924, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees, retirees and their spouses. There are 86 active and 11 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 51 with 22 years of service or elected officials who must be age 57 with 8 years of service.

The health coverage, which is a self-funded health plan, is administered by Wellmark. For retirees under age 65, the County pays the same premium for the medical, dental and vision benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The County also offers an early retirement program to employees who were employed by the County as of December 31, 2009, which results in an explicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 408,000
Interest on net OPEB obligation	37,000
Adjustment to annual required contribution	<u>(37,000)</u>
Annual OPEB cost	408,000
Contributions made	<u>(259,000)</u>
Increase in net OPEB obligation	149,000
Net OPEB obligation beginning of year	<u>928,000</u>
Net OPEB obligation end of year	<u>\$1,077,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$259,000 to the health plan and there were no contributions from plan members eligible for benefits.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 408,000	42.1%	\$ 739,000
2013	410,000	53.9	928,000
2014	408,000	63.5	1,077,000

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$3,639,261 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,639,261. The covered payroll (annual payroll of active employees covered by the plan) was \$3,821,860 and the ratio of the UAAL to covered payroll was 95.2%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2014 were \$192,986.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2014 was \$1,293,765.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$ 62,330, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,178,353 at June 30, 2014 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 119,000
Incurred claims (including claims incurred but not reported at June 30, 2014)	848,551
Payment on claims during the fiscal year	<u>905,221</u>
Unpaid claims end of year	<u><u>\$ 62,330</u></u>

(12) Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2014 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2014, \$1,446,309 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

(13) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

Required Supplementary Information

Poweshiek County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2014

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property and other county tax	\$ 7,824,541	7,856,050	7,857,970	(33,429)
Penalty and interest on property tax	52,078	49,975	49,975	2,103
Intergovernmental	4,248,983	4,676,114	4,706,205	(457,222)
Licenses and permits	70,813	28,531	28,531	42,282
Charges for service	532,529	451,580	451,580	80,949
Use of money and property	79,047	269,821	366,579	(287,532)
Miscellaneous	639,131	545,479	545,479	93,652
Total receipts	13,447,122	13,877,550	14,006,319	(559,197)
Disbursements:				
Public safety and legal services	2,783,497	2,940,278	2,973,878	190,381
Physical health and social services	388,192	394,231	455,231	67,039
Mental health	1,047,687	1,265,798	1,265,798	218,111
County environment and education	458,032	478,846	478,846	20,814
Roads and transportation	4,692,327	5,783,638	5,783,638	1,091,311
Governmental services to residents	625,379	718,535	715,935	90,556
Administration	1,092,767	1,256,095	1,270,095	177,328
Non-program	196,060	211,222	225,153	29,093
Debt service	750,894	605,603	750,895	1
Capital projects	1,349,190	991,500	1,439,750	90,560
Total disbursements	13,384,025	14,645,746	15,359,219	1,975,194
Excess (deficiency) of receipts over (under) disbursements	63,097	(768,196)	(1,352,900)	1,415,997
Other financing sources, net	55,500	-	-	55,500
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	118,597	(768,196)	(1,352,900)	1,471,497
Balance beginning of year	12,941,001	5,329,451	5,690,760	7,250,241
Balance end of year	\$ 13,059,598	4,561,255	4,337,860	8,721,738

See accompanying independent auditor's report.

Poweshiek County
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,447,122	149,289	13,596,411
Expenditures	13,384,025	(173,822)	13,210,203
Net	63,097	323,111	386,208
Other financing sources, net	55,500	-	55,500
Beginning fund balances	12,941,001	192,839	13,133,840
Ending fund balances	<u>\$ 13,059,598</u>	<u>515,950</u>	<u>13,575,548</u>

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments decreased budgeted disbursements by \$713,473. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted by function.

Poweshiek County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 2,995	2,995	0.0%	\$ 3,256	92.0%
2010	Jul 1, 2008	-	2,995	2,995	0.0	3,600	83.2
2011	Jul 1, 2008	-	2,995	2,995	0.0	3,520	85.1
2012	Jul 1, 2011	-	3,639	3,639	0.0	3,587	101.5
2013	Jul 1, 2011	-	3,639	3,639	0.0	3,800	95.8
2014	Jul 1, 2011	-	3,639	3,639	0.0	3,822	95.2

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Poweshiek County

Supplementary Information

Poweshiek County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest
Assets			
Cash, cash equivalents and pooled investments	\$ 25,466	23,202	64,996
Due from other governments	-	-	-
Total assets	\$ 25,466	23,202	64,996
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	1,672	-
Fund balances:			
Restricted for:			
Postclosure care	-	-	-
Capital improvements	-	-	-
Debt service	-	-	-
Other purposes	25,466	21,530	64,996
Total fund balances	25,466	21,530	64,996
Total liabilities and fund balances	\$ 25,466	23,202	64,996

See accompanying independent auditor's report.

Special Revenue					
Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Total
5,000	17,139	102,488	1,446,609	865,050	2,549,950
-	-	-	-	129,941	129,941
5,000	17,139	102,488	1,446,609	994,991	2,679,891
-	-	-	300	-	1,972
-	-	-	1,446,309	-	1,446,309
-	-	-	-	387,671	387,671
-	-	-	-	607,320	607,320
5,000	17,139	102,488	-	-	236,619
5,000	17,139	102,488	1,446,309	994,991	2,677,919
5,000	17,139	102,488	1,446,609	994,991	2,679,891

Poweshiek County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest
Revenues:			
Local option sales tax	\$ -	-	-
Intergovernmental	15,844		-
Charges for service	-	3,772	-
Use of money and property	2	321	6
Miscellaneous	8,880	-	30,190
Total revenues	24,726	4,093	30,196
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	-	4,751	-
Capital projects	21,394	-	1,010
Total expenditures	21,394	4,751	1,010
Excess (deficiency) of revenues over (under) expenditures	3,332	(658)	29,186
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,332	(658)	29,186
Fund balances beginning of year	22,134	22,188	35,810
Fund balances end of year	\$ 25,466	21,530	64,996

See accompanying independent auditor's report.

Special Revenue					
Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Total
-	-	-	-	807,091	807,091
-	4,200	-	-	-	20,044
-	-	-	-	-	3,772
-	-	-	-	-	329
-	-	55,235	27,808	-	122,113
-	4,200	55,235	27,808	807,091	953,349
-	-	2,781	-	-	2,781
-	-	-	11,468	-	11,468
-	-	-	-	-	4,751
-	-	-	-	-	22,404
-	-	2,781	11,468	-	41,404
-	4,200	52,454	16,340	807,091	911,945
-	-	-	20,000	-	20,000
-	-	-	-	(605,603)	(605,603)
-	-	-	20,000	(605,603)	(585,603)
-	4,200	52,454	36,340	201,488	326,342
5,000	12,939	50,034	1,409,969	793,503	2,351,577
5,000	17,139	102,488	1,446,309	994,991	2,677,919

Poweshiek County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,364	1,750	273,516	128,215
Other County officials	37,081	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	158	344	11,626
Succeeding year	-	-	217,000	445,000	13,860,000
Total assets	\$ 37,081	1,364	218,908	718,860	13,999,841
Liabilities					
Accounts payable	\$ -	-	-	2,219	-
Salaries and benefits payable	-	-	-	11,137	-
Due to other governments	14,192	1,364	218,908	687,381	13,999,841
Trusts payable	22,889	-	-	-	-
Compensated absences	-	-	-	18,123	-
Total liabilities	\$ 37,081	1,364	218,908	718,860	13,999,841

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
15,785	74,249	642	500,293	174,252	144,498	1,314,564
-	-	-	-	-	-	37,081
1,543	7,803	10	-	-	22,960	44,444
1,836,000	7,566,000	290,000	-	-	200,000	24,414,000
1,853,328	7,648,052	290,652	500,293	174,252	367,458	25,810,089
-	-	-	-	2,668	8,291	13,178
-	-	-	-	-	2,005	13,142
1,853,328	7,648,052	290,652	500,293	171,584	332,940	25,718,535
-	-	-	-	-	23,197	46,086
-	-	-	-	-	1,025	19,148
1,853,328	7,648,052	290,652	500,293	174,252	367,458	25,810,089

Poweshiek County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	\$ 34,785	759	189,762	688,627	14,025,127
Additions:					
Property and other county tax	-	149,312	212,631	434,734	13,479,811
E911 surcharge	-	-	-	-	-
State tax credits	-	3,093	6,782	14,801	498,067
Drivers license fees	-	-	-	-	-
Office fees and collections	384,225	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Trusts	156,520	-	-	-	-
Miscellaneous	-	-	-	6,840	-
Total additions	540,745	152,405	219,413	456,375	13,977,878
Deductions:					
Agency remittances:					
To other funds	243,493	-	-	-	-
To other governments	139,742	151,800	190,267	426,142	14,003,164
Trusts paid out	155,214	-	-	-	-
Total deductions	538,449	151,800	190,267	426,142	14,003,164
Balances end of year	\$ 37,081	1,364	218,908	718,860	13,999,841

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	E-911 Service	Other	Total
1,763,385	7,556,925	226,658	457,401	222,777	347,324	25,513,530
1,792,903	7,175,233	133,277	-	-	244,444	23,622,345
-	-	-	-	199,621	-	199,621
61,827	264,807	2,580	-	-	121,952	973,909
-	-	-	225,829	-	-	225,829
-	-	-	-	-	-	384,225
-	-	-	5,719,286	-	4,109	5,723,395
-	-	-	-	-	272,443	428,963
-	-	-	-	-	454	7,294
1,854,730	7,440,040	135,857	5,945,115	199,621	643,402	31,565,581
-	-	-	228,473	-	-	471,966
1,764,787	7,348,913	71,863	5,673,750	248,146	623,268	30,641,842
-	-	-	-	-	-	155,214
1,764,787	7,348,913	71,863	5,902,223	248,146	623,268	31,269,022
1,853,328	7,648,052	290,652	500,293	174,252	367,458	25,810,089

Poweshiek County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 6,986,195	6,585,265	6,576,530	6,347,814
Tax increment financing	144,924	-	-	-
Local option sales tax	807,091	785,610	834,594	761,864
Penalty and interest on property tax	48,720	51,443	50,255	52,609
Intergovernmental	4,588,245	3,944,072	5,178,661	4,581,922
Licenses and permits	121,538	57,490	65,935	52,445
Charges for service	514,703	550,596	555,409	529,839
Use of money and property	171,910	152,092	129,898	109,600
Fines, forfeitures and defaults	-	-	-	14,444
Miscellaneous	213,085	234,567	219,351	119,891
Total	\$ 13,596,411	12,361,135	13,610,633	12,570,428
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,792,814	2,734,316	2,758,405	2,473,294
Physical health and social services	391,098	283,905	309,654	445,992
Mental health	604,358	892,271	2,681,005	1,382,606
County environment and education	538,801	463,706	504,349	1,056,252
Roads and transportation	4,696,708	5,428,293	4,891,508	4,616,467
Governmental services to residents	628,471	674,934	688,105	669,096
Administration	1,161,822	1,066,481	1,114,457	1,018,516
Non-program	274,769	235,808	245,247	163,589
Debt service	847,650	739,998	637,777	607,563
Capital projects	1,266,712	167,526	149,099	308,256
Total	\$ 13,203,203	12,687,238	13,979,606	12,741,631

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
6,282,585	5,669,326	5,492,645	4,933,991	4,650,738	4,651,096
-	-	-	-	-	-
755,322	802,996	-	-	-	-
57,061	60,255	52,631	40,051	40,140	39,701
5,011,819	5,227,309	4,509,555	4,665,290	4,791,515	3,808,111
46,620	65,864	58,143	52,630	62,216	49,213
467,767	500,071	497,291	488,223	500,260	494,394
151,385	311,329	371,327	441,126	369,980	191,375
4,316	28,579	203,309	-	8,693	5,058
169,565	55,049	62,291	115,596	116,206	82,234
12,946,440	12,720,778	11,247,192	10,736,907	10,539,748	9,321,182
2,414,629	2,157,066	2,264,699	1,935,169	1,791,672	1,542,220
312,200	402,357	479,545	398,508	334,567	357,886
1,509,920	1,664,633	1,598,022	1,504,319	1,528,126	1,521,306
849,287	815,862	681,074	584,009	601,071	716,213
4,014,935	4,253,034	4,216,740	4,203,984	3,971,113	3,627,542
655,085	653,587	621,374	558,600	769,704	436,872
1,083,437	944,104	932,065	1,076,972	1,004,043	1,125,483
304,698	281,254	210,928	190,702	134,434	104,066
603,920	706,663	228,624	175,144	178,253	43,234
4,376,337	4,146,233	746,816	280,321	209,126	270,058
16,124,448	16,024,793	11,979,887	10,907,728	10,522,109	9,744,880

Poweshiek County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Poweshiek County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poweshiek County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poweshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) through (D) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Poweshiek County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Poweshiek County's Responses to the Findings


Poweshiek County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Poweshiek County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Poweshiek County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 5, 2015

Poweshiek County

Schedule of Findings

Year ended June 30, 2014

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Generally, one individual in the Recorder's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. In the Recorder's Office, the mail opener does not prepare a listing of mail receipts.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. The County official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Responses – The majority of checks written from the Recorder's Office are for repayment of fees associated with a report. The recorder has asked outside offices to assist with the review of these reports and to add initial and date of review. Currently we have two separate employees prepare deposits for two accounts and I will have the third employee verify the deposits and take them to the bank. I will have an employee from an outside office verify our cash counts on occasion and add initial and date of count.

Conclusions – Response accepted.

- (B) Computer Systems – The County adopted a written disaster recovery plan in February 2011. However, the following key items are not included in the plan: critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software components. In addition, a copy of the plan, user documentation, policies and procedures manual and extra paper supplies are not required to be kept off site, a copy of the plan has not been provided to all appropriate personnel and the plan has not been tested.

Recommendation – A written disaster recovery plan which includes all of the identified elements should be developed. The plan should be provided to all appropriate personnel and should be periodically tested.

Response – Poweshiek County will strive to update the Disaster Recovery Plan to include critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software. We will keep the plan off site and provide a copy to personnel. Testing will be completed.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2014

- (C) Commissary Account - The bank account for the Commissary account is not reconciled monthly.

Recommendation - Bank accounts should be reconciled promptly at the end of the month and the reconciliations should be reviewed by an independent person with no responsibility for receipts and disbursements. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response - This account will be reconciled monthly and reviewed by an independent person or the Sheriff. The reviewer will document by dating and signing the reconciliations.

Conclusion - Response accepted.

- (D) K-9 Account - A separate bank account is maintained for the collections and expenditures of the K-9 Unit. This bank account only has one authorized signer and is not reconciled monthly and reviewed by an independent person.

Recommendation - Bank accounts should always have at least 2 authorized signers so operations can continue should the primary person be unavailable. The Sheriff's Office should authorize an additional signer on the account. Bank accounts should be reconciled promptly at the end of the month and be reviewed by an independent person with no responsibility for receipts and disbursements.

Response - Deputy Mike Smith, who serves as the Vice-President of the K9 Association, has been added to the checking account as another signer in case of emergency. Deputy Steve Kivi has volunteered to review the bank reconciliation on a monthly basis and initial.

Conclusion - Response accepted.

Special Investigation

The Office of Auditor of State issued a report on November 5, 2013 on a review of the operations of the Poweshiek County Sheriff's Office for the period January 1, 2010 through March 31, 2013. The report included recommendations to strengthen the Sheriff's Office internal controls, overall operations and specific procedures over credit card purchases, fuel purchases, room and board fees, commissary purchases and bond receipts. Since the report was issued during fiscal year 2014, we reviewed the County's progress in implementing the recommended control procedures. We will follow-up on the additional progress during the fiscal year 2015 annual audit and any uncorrected deficiencies will be included in the fiscal year 2015 Schedule of Findings.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Poweshiek County
Schedule of Findings
Year ended June 30, 2014

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, "Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager." Further, Chapter 34A.2(7)(e)(2) of the Code of Iowa states, in part, "Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to other emergency services or expenditures for buildings or personnel, except for the costs of personnel for database management and personnel directly associated with addressing."

The E-911 coordinator submitted a monthly claim for \$2,156 to the Board of Supervisors. The claim includes the number of hours worked and a list of tasks completed. However, the claim lacks detail of the specific hours worked on a specific day of the week and the tasks performed each day. The signed letter of understanding between the Coordinator and the E-911 Board does not include expectations for the number of hours to be worked or any documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it cannot be determined whether the services provided are allowable under the statutory language cited above.

Poweshiek County

Schedule of Findings

Year ended June 30, 2014

Recommendation – Chapter 331.504(8) of the Code of Iowa requires claims, before being audited or paid, to be itemized to clearly show the basis of the claim and whether the claim was for property sold, for services rendered or for another purpose. The County received legal advice dated July 20, 2004 on this issue. The claims should have proper supporting documentation, including documentation of the work performed to allow the E-911 Board and the County Board of Supervisors to determine whether the claim meets the statutory criteria necessary for allowing payment from the E-911 Service Fund.

Response – The Poweshiek County Board of Supervisors will work with the State Auditor's Office and the E911 Board to resolve this issue.

Conclusion – Response accepted.

- (10) Commissary Accounts – A separate bank account is maintained for the collections and expenditures of the commissary account. The Commissary account is to be used to purchase items for resale. Any profit at the end of the year is to be remitted to the County. As provided by section 331.902 of the Code of Iowa, "Unless otherwise specifically provided by statute, the fees and charges collected by the auditor, treasurer, recorder, and sheriff, and their Deputies or employees, belong to the county." As a result of maintaining a separate bank account, collections and expenditures are not reflected in the County's accounting system and have not been included in the County's annual budget or financial report.

Items, such as supplies and equipment for the Jail, were purchased out of the commissary collections without being included in the County's budget, appropriations and disbursement process required by section 331.506 of the Code of Iowa and were not filed and properly audited by the Board of Supervisors before payment in accordance with section 331.504(7) and (8) of the Code of Iowa.

Recommendation - The Board should establish a maximum balance to be kept in the Commissary account. All collections for the Commissary account profits should be remitted to the County Treasurer and all expenditures should be reflected in the County's accounting system, annual budget and financial report. Expenditures from the Commissary account should only be used to pay vendors for items ordered by jail inmates.

Response – We will by resolution of the Board of Supervisors set a maximum amount of \$3,000 to be the maximum balance held in the Commissary account. All other funds will be remitted to the County Treasurer so all expenditures can be accounted for by the County Auditor.

Conclusion – Response accepted.

- (11) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

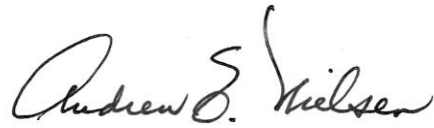
- (12) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Poweshiek County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Steven O. Fuqua, CPA, Senior Auditor II
Kyle C. Smith, Staff Auditor
Gabriela N. Davila, Auditor Intern

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State